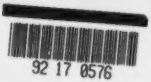

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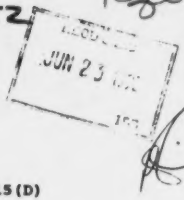

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C.

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended December 31, 1990 Commission File No.: 0-2661

Harrell International, Inc.
(Exact name of registrant as specified in its charter)

Delaware	13-1946181
(State of jurisdiction)	(I.R.S. Employer Identification No.)

17218 Preston Road, Suite 425, Dallas, TX 75252
(Address of principal executive offices)

(214) 250-6370
(Registrant's telephone no., including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

(1) Yes X No ____
(2) Yes X No ____

The number of shares outstanding of the registrant's Class A, $.01 par value common stock as of January 31, 1991, was 485,380 (as adjusted to give effect to the Restructuring Agreement dated December 23, 1991 - see Subsequent Events discussion in the registrant's Form 10-K report for the fiscal year ended September 30, 1990, which is incorporated herein by this reference).

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HARRELL INTERNATIONAL, INC.

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Part I. FINANCIAL INFORMATION

Item 1. Financial Statements.

HARRELL INTERNATIONAL, INC.
CONDENSED BALANCE SHEETS

	December 31, 1990 (Unaudited)	September 30, 1990 (Audited)
ASSETS		
Current Assets:		
Cash	$ 3,571	$ 46,538
Prepaid expenses	-	2,181
Total current assets	3,571	48,719
Furniture and equipment, at cost less accumulated depreciation	1,215	1,693
Total	$ 4,786	$ 50,412
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 25,484	$ 12,145
Stockholders' equity (deficit):		
Common Stock:		
Class A $.01 par value, 9,000,000 shares authorized, 485,380 issued and outstanding	4,854	4,854
Class B $.01 par value, 1,000,000 shares authorized	-	-
Additional paid-in capital	1,929,540	1,929,540
Deficit	(1,955,092)	(1,896,127)
Total stockholders' equity (deficit)	(20,698)	38,267
Total	$ 4,786	$ 50,412

HARRELL INTERNATIONAL, INC.
STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended December 31	
	1990	1989
Revenues:		
Interest income	$ 180	$ 20,662
General and administrative expenses	59,145	82,989
Income (loss) before income taxes	(58,965)	(62,327)
Provision for income taxes	-	-
Net income (loss)	$ (58,965)	$ (62,327)
Net income (loss) per share	$(.12)	$(.14)
Weighted average shares outstanding	485,380	435,380

HARRELL INTERNATIONAL, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended December 31	
	1990	1989
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (58,965)	$ (62,327)
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on disposal of furniture and equipment	478	-
(Increase) decrease in receivables	-	145,489
(Increase) decrease in prepaid expenses	2,181	(5,271)
Increase (decrease) in accounts payable	13,339	(22,738)
Net cash provided (used) by operating activities	(42,967)	55,153
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments received on notes receivable	-	1,758,640
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	-	(870,760)
Reduction in retirement liability	-	(900,000)
Net cash used by financing activities	-	(1,770,760)
NET INCREASE (DECREASE) IN CASH	(42,967)	43,033
CASH AT BEGINNING OF PERIOD	46,538	565,229
CASH AT END OF PERIOD	$ 3,571	$ 608,262

HARRELL INTERNATIONAL, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS

1. PRINCIPLES OF DISCLOSURE

The balance sheet as of December 31, 1990, and the related statements of income and cash flows for the three month periods ended December 31, 1990 and 1989, are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of such financial statements have been included. Such adjustments consisted only of normal recurring items. Interim results are not necessarily indicative of results for a full year.

The financial statements and notes are presented as permitted by Form 10-Q, and do not contain certain information included in the Registrant's annual financial statements and notes.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Material Changes in Financial Condition.

Harrell International, Inc. (the "Company") consummated a recapitalization on August 28, 1990, and paid a special dividend on September 5, 1990, of $482,793 to the Company's stockholders of record on June 29, 1990. This transaction substantially reduced the Company's liquid assets and other capital resources and effectively terminated its pre-existing operations.

The Company entered into a joint venture agreement dated December 7, 1990, with Riviera Investors Corporation, a Texas Corporation ("RIC"), forming the "Riviera Joint Venture." RIC contributed $232,000 to the venture's capital. Although the Company contributed no cash to the venture, Clover, Inc., then the controlling shareholder of the Company, in exchange for good and valuable consideration, assigned to the venture its rights under that certain Contract of Sale dated October 20, 1990, by and between Clover, Inc. and the Estate of James Devereaux Stahlman.

The venture exercised its rights under the Contract of Sale on December 7, 1990, and purchased a 37 unit apartment complex known as Riviera Apartments (the "Riviera Project") located in Dallas, Texas, for a purchase price of $222,000.

Pursuant to the Riviera Joint Venture Agreement, the venture's distributable cash is to be distributed as follows:

(1) The first $32,480 to RIC;
(2) The second $32,480 to the Company;
(3) The balance, 50% to RIC and 50% to the Company.

While RIC and the Company share equally the venture's management, the Company supervises its day-to-day operations. The Riviera Project is managed by an unrelated third party.

Wilson L. Harrell, a director of the Company, is the president of Riviera Investors Corporation. Mr. Harrell and Arthur Linkletter, also a director of the Company, contributed $51,000 and $58,000, respectively, to RIC's capital and Irvin Atkins, Douglas C. Echols, Mr. Harrell's brother-in-law, and David A. Woodcock, Jr., contributed $58,000, $50,000 and $15,000, respectively. These amounts entitled those persons to the following shares and percentage ownership in RIC:

Wilson L. Harrell	510 shares	21.98%
Arthur G. Linkletter	580 shares	25.00%
Irvin Atkins	580 shares	25.00%
Douglas C. Echols	500 shares	21.55%
David A. Woodcock, Jr.	150 shares	6.47%

In order to induce Messrs. Atkins, Echols and Woodcock to invest in RIC, the Company granted them options to buy one fourth of a share of the Company's common stock for each dollar invested for a purchase price of $1.00 per share. Accordingly, Messrs. Atkins, Echols and Woodcock were issued options to purchase 14,500, 12,500, and 3,750 shares of the Company's common stock, respectively. The options were issued as of December 7, 1990, and expire December 6, 1993.

Material Changes in Results of Operations.

The Company's pre-existing operations were effectively terminated in the final quarter of fiscal 1990. Although the Company began to shift its operational focus in the current period to real estate ventures, the Company did not receive revenues from such operations by the current reporting period's end. Consequently, the Company's only revenue for the quarter ended December 31, 1990, was $180 of interest income. Despite the change in operations, the Company continued to incur general and administrative expenses which totaled $59,145, producing a net loss of $58,965 for the period.

Part II. OTHER INFORMATION

Item 1. Legal.

There were no material legal proceedings, either on-going, instituted by or against, or otherwise involving the Registrant during the quarter ended December 31, 1990.

Item 2. Change in Securities.

There has been no change in the Registrant's securities during the quarter ended December 31, 1990.

Item 3. Defaults Upon Senior Securities.

The Registrant does not have any outstanding debt or securities of this nature.

Item 4. Submission of Matters to a Vote of Security Holders.

The Registrant did not submit any matters to a vote of the security holders during the quarter ended December 31, 1990.

Item 5. Other Information.

None.

Item 6. Exhibits and Reports.

(a) No events occurred during the quarter ended December 31, 1990, which require the submission of an exhibit.

(b) No reports on Form 8-K were filed by the Registrant for the quarter ended December 31, 1990.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HARRELL INTERNATIONAL, INC.

By: Wilson Harrell
Wilson L. Harrell, President

Dated: June 13, 1992

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